

**COMMONWEALTH OF MASSACHUSETTS
BEFORE THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Investigation by the Department of)	D.T.E. 02-40-B
Telecommunications and Energy on Its Own)	
Motion into Default Service)	

**Reply Comments of
Associated Industries of Massachusetts**

On May 15, 2003, the Department of Telecommunications and Energy conducted a technical session to address the procurement of Default Service by the Commonwealth's four utility companies. The Department provided an opportunity for interested parties to speak at the session, provide initial comments, and reply comments. At the session, Associated Industries of Massachusetts (A.I.M.) commented and appreciates the opportunity to provide reply comments.

. A.I.M. is the largest employers' association in Massachusetts with over 7,500 members. A.I.M. members include large and small employers from the industrial, commercial and services sectors, including many members impacted by this proposed change in procurement.

At the technical session a number of issues and areas of concern were raised around requiring monthly procurement of default service for commercial and industrial customers. A monthly procurement schedule for default service would generate the appropriate price signals to large commercial and industrial customers. Customers with choice in the retail market place should receive accurate price signals which in turn encourage them to explore opportunities in the market through bi-lateral contracts to provide price certainty and stability. Default service should not be punitive, however, but instead be a transitional provider of last resort for customers with choice.

However, there were a number of concerns raised by different parties regarding the disconnect between wholesale and retail markets. A compromise was proposed with a quarterly procurement schedule that some contend would better serve customers during the transition while maintaining the appropriate price signals. If quarterly procurement

provides the right signals and deals with the issues raised, A.I.M. believes the Department should explore this as an option.

A second issue of concern to A.I.M. is the smaller businesses that do not currently have choice in the competitive market and who would be exposed to more volatile monthly pricing. It is important when the Department considers implementation of a new procurement schedule that businesses without choice in the market are protected from volatile pricing. Adding to this concern is the inconsistency between utility companies regarding customer category size that would have a direct impact on which customers would be subjected to the pricing in a new procurement approach.

Finally, in order for customers to respond to price signals by going to competitive supply or participate in load response programs they must first be educated about their choices. The only substantive effort to date in customer outreach and education has been done in seminar/supplier forums hosted by the three major utilities and A.I.M. Perhaps other state agencies could be tapped to assist in this important effort.

A.I.M. appreciates the opportunity to provide comments to the Department and remains committed to educating the business community about their options.

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